

AMENDED IN SENATE AUGUST 24, 2012
AMENDED IN SENATE AUGUST 21, 2012
AMENDED IN ASSEMBLY MAY 25, 2012
AMENDED IN ASSEMBLY FEBRUARY 9, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1501

Introduced by Assembly Member John A. Pérez

(Coauthors: Assembly Members Alejo, Allen, Ammiano, Atkins, Beall, Block, Blumenfield, Bonilla, Bradford, Brownley, Buchanan, Butler, Charles Calderon, Campos, Carter, Cedillo, Chesbro, Davis, Dickinson, Eng, Feuer, Fletcher, Fuentes, Furutani, Fong, Galgiani, Gatto, Gordon, Hall, Hayashi, Roger Hernández, Hill, Huber, Hueso, Huffman, Lara, Bonnie Lowenthal, Ma, Mitchell, Monning, Pan, Perea, V. Manuel Pérez, Portantino, Skinner, Solorio, Swanson, Torres, Wieckowski, Williams, and Yamada)

(Coauthors: Senators Alquist, Corbett, De León, DeSaulnier, Evans, Hancock, Lowenthal, Pavley, Price, and Yee)

January 10, 2012

An act to add Article 22 (commencing with Section 70020) to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to student financial aid, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1501, as amended, John A. Pérez. Student financial aid: Middle Class Scholarship Program.

(1) Existing law provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees, among other fees, be paid by students at these institutions.

This bill would establish the Middle Class Scholarship Program under the administration of the Student Aid Commission. The bill would provide that, commencing with the 2012–13 academic year, undergraduate students enrolled at the University of California or the California State University would receive a scholarship award that, combined with other publicly funded student financial aid, as defined, received by an eligible student, would be ~~at least $\frac{2}{3}$~~ 60% of the amount charged that student for mandatory systemwide fees in that academic year if the student meets the following conditions: annual household income does not exceed \$150,000; is a resident of this state or exempt from paying nonresident tuition; files specified financial aid forms; and makes timely application or applications for publicly funded student financial aid, as defined, for which he or she is eligible.

The bill would provide that a student whose annual household income exceeds \$150,000, ~~but does not exceed \$160,000~~, and who otherwise meets the requirements, would receive a scholarship that is reduced by 10% for each \$1,000 by which his or her annual household income exceeds \$150,000 *in accordance with prescribed calculations*.

The bill would require, in order for students enrolled in their respective segments to remain eligible to receive financial aid under the bill, the University of California and the California State University to maintain their respective institutional need-based grant programs at a level that, at a minimum, is equivalent to the level maintained during the 2011–12 academic year.

The bill would continuously appropriate from the Middle Class Scholarship Fund to the Student Aid Commission as follows: first, \$150,000,000 to the Chancellor of the California Community Colleges for allocation to community college districts based on calculations of full-time equivalent students *credit*, to be expended, after consultation with student representatives as specified, for the provision of scholarship grants to students to reduce the impact of enrollment fees or to help cover the cost of textbooks and other educational expenses; ~~and~~ an amount determined by the Student Aid Commission to be sufficient, when combined with publicly funded student financial aid received by

eligible students from other sources, to cover the cost of ~~at least $\frac{2}{3}$~~ 60% of the amount of mandatory systemwide fees charged to resident students and students who are exempt from nonresident tuition in the 2012–13 academic year and subsequent academic years, to be allocated to the Regents of the University of California and the Trustees of the California State University for implementation of this bill; and \$100,000,000 each to the University of California and the California State University for maintaining access to those segments in the 2012–13 academic year.

The bill would authorize the Student Aid Commission, in the event that, in any academic year, there are funds remaining in the Middle Class Scholarship Fund after funds have been allocated to all eligible students of the respective universities, to hold these funds in a reserve for fiscal uncertainties ~~and to expend the funds held in reserve under this provision for adjustments the commission deems necessary in administering the programs under its jurisdiction.~~ *The bill would authorize the Student Aid Commission to determine if sufficient funding is available for purposes of the bill in the 2012–13 academic year and subsequent academic years, and would further authorize the commission to reduce scholarships proportionately if it determines that sufficient funding is not available.*

(2) This bill would become operative only if AB 1500 of the 2011–12 Regular Session is chaptered and establishes a Middle Class Scholarship Fund.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 22 (commencing with Section 70020) is
2 added to Chapter 2 of Part 42 of Division 5 of Title 3 of the
3 Education Code, to read:

4
5 Article 22. Middle Class Scholarship Program
6

7 70020. The Middle Class Scholarship Program is hereby
8 established under the administration of the Student Aid
9 Commission. For purposes of this article, “commission” means
10 the Student Aid Commission.

1 70021. (a) (1) Commencing with the 2012–13 academic year,
2 an undergraduate student enrolled in the California State University
3 or the University of California who meets the requirements of
4 paragraph (2) is eligible for a grant award as described in paragraph
5 (2).

6 (2) Each academic year, a student shall receive a scholarship
7 grant in an amount that, combined with other publicly funded
8 student financial aid received by an eligible student, is ~~at least~~
9 ~~two-thirds~~ *60 percent* of the amount charged that student in that
10 academic year for mandatory systemwide fees, if all of the
11 following requirements are met:

12 (A) The student’s annual household income does not exceed
13 one hundred fifty thousand dollars (\$150,000), except as provided
14 in paragraph (3). For purposes of this article, annual household
15 income shall be calculated in a manner that is consistent with the
16 ~~r e q u i r e m e n t s a p p l i c a b l e t o t h e~~
17 ~~Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program~~
18 ~~(Chapter 1.7 (commencing with Section 69430)) and Section~~
19 ~~69506.~~

20 (B) The student is either a resident of the state or is exempt from
21 paying nonresident tuition.

22 (C) The student completes and submits a Free Application for
23 Federal Student Aid (FAFSA) application. If the student is not
24 able to complete a FAFSA application, the student submits an
25 application determined by the university he or she attends to be
26 equivalent to the FAFSA application for purposes of this article.

27 (D) The student makes a timely application or applications for
28 publicly funded student financial aid from programs for which he
29 or she is eligible, other than the program established by this article.
30 For purposes of this article, “publicly funded student financial aid”
31 shall be defined as the federal Pell Grant Program, the Cal Grant
32 Program, and institutional need-based grants.

33 (3) The scholarship award under this article of a student whose
34 annual household income is greater than one hundred fifty thousand
35 dollars (\$150,000), ~~but does not exceed one hundred sixty thousand~~
36 ~~dollars (\$160,000)~~, and who otherwise meets the requirements of
37 paragraph (2), shall be reduced by ~~10 percent for each one thousand~~
38 ~~dollars (\$1,000) that the student’s annual household income~~
39 ~~exceeds one hundred fifty thousand dollars (\$150,000) a~~
40 ~~percentage, not to exceed 100 percent, that is equal to 10 percent~~

1 *multiplied by a number equal to the amount by which the student's*
2 *household annual household income exceeds one hundred fifty*
3 *thousand dollars (\$150,000), divided by the product of one*
4 *thousand dollars (\$1,000) multiplied by the number of students in*
5 *that household receiving a scholarship under this article during*
6 *that academic year.*

7 (b) In order for students enrolled in their respective segments
8 to remain eligible to receive a scholarship under this article, the
9 University of California and the California State University shall
10 maintain their respective institutional need-based grant programs
11 at a level that, at a minimum, is equivalent to the level maintained
12 during the 2011–12 academic year.

13 (c) The University of California and the California State
14 University shall report on the implementation of this article as part
15 of the report made pursuant to Section 66021.1. The California
16 Community Colleges shall report on the implementation of this
17 article, including, but not necessarily limited to, the allocation and
18 use of funds by community college districts, as part of the annual
19 report made pursuant to paragraph (2) of subdivision (b) of Section
20 70901.

21 70022. It is the intent of the Legislature that all of the following
22 occur:

23 (a) The program created pursuant to this article shall augment,
24 and not replace, other state-supported financial aid and institutional
25 need-based grant programs and federal grants.

26 (b) That the scholarship provided to students under this article
27 be increased to accommodate increases in the cost of mandatory
28 systemwide fees charged to students of the University of California
29 and the California State University, respectively, that may occur
30 during and after the 2011–12 academic year.

31 (c) That the University of California and the California State
32 University do not raise mandatory systemwide fees that would
33 decrease the value of a scholarship award under this article.

34 (d) That the costs of Middle Class Scholarship Program do not
35 exceed the funding available in the Middle Class Scholarship Fund
36 and that a prudent fund balance exists to protect against fiscal
37 uncertainties.

38 70023. (a) The following amount is hereby appropriated:

39 (1) Each academic year, from the revenues in the Middle Class
40 Scholarship Fund established by Section ~~70201~~ 70025, there shall

1 first be set aside one hundred fifty million dollars (\$150,000,000),
2 transferred to the Chancellor of the California Community Colleges
3 for allocation, for that academic year, to community college
4 districts based on calculations of full-time equivalent ~~students~~
5 *credit weighted by a measure of participants in the enrollment fee*
6 *waiver program of the Board of Governors of the California*
7 *Community Colleges established pursuant to Section 76300. Funds*
8 annually allocated to a community college district pursuant to this
9 paragraph shall be expended, after the district has consulted with
10 the recognized campus and district student representatives in the
11 determination of how the funds are to be expended, for the
12 provision of grants to students to reduce the impact of enrollment
13 fees, or to help cover the cost of textbooks and other educational
14 expenses. It is the intent of the Legislature that the funds provided
15 under this paragraph meet the specific needs of students at the
16 local district level. *The Board of Governors of the California*
17 *Community Colleges may establish minimum criteria and standards*
18 *for community colleges to award grants under this paragraph, in*
19 *consultation with the appropriate statewide student association*
20 *representatives, to ensure that the intent of the Legislature is met.*

21 (2) Notwithstanding Section 13340 of the Government Code,
22 each academic year, an amount determined by the commission to
23 be sufficient, when combined with Cal Grants, Pell Grants, and
24 institutional need-based grants received by eligible students from
25 other sources, to cover the cost of ~~at least two-thirds~~ *60 percent*
26 of the amount of mandatory systemwide fees charged to resident
27 students and students who are exempt from nonresident tuition in
28 the 2012–13 academic year and subsequent academic years is
29 hereby continuously appropriated from the Middle Class
30 Scholarship Fund established by Section ~~70201~~ *70025* to the
31 commission for allocation to the Regents of the University of
32 California and the Trustees of the California State University for
33 implementation of this article. The University of California and
34 the California State University shall provide the commission with
35 any information that is necessary for the determination of this
36 amount.

37 (3) *For the 2012–13 academic year, one hundred million dollars*
38 *(\$100,000,000) to the University of California for the purpose of*
39 *maintaining access to the university.*

1 (4) For the 2012–13 academic year, one hundred million dollars
2 (\$100,000,000) to the California State University for the purpose
3 of maintaining access to the university.

4 (b) In the event that, in any academic year, there are funds
5 remaining in the Middle Class Scholarship Fund after funds have
6 been allocated to all eligible students of the respective universities
7 pursuant to paragraphs (1) and (2) of subdivision (a), the
8 commission shall hold these funds in reserve for fiscal
9 uncertainties. ~~The commission may expend the funds held in~~
10 ~~reserve under this subdivision for adjustments the commission~~
11 ~~deems necessary in administering the programs under its~~
12 ~~jurisdiction in the current academic year or in subsequent academic~~
13 ~~years.~~

14 (c) (1) For the 2012–13 academic year, the commission shall
15 determine if five hundred sixty million dollars (\$560,000,000) is
16 sufficient to cover the costs of the scholarships as defined in
17 paragraph (2) of subdivision (a). If five hundred sixty million
18 dollars (\$560,000,000) is not sufficient for this purpose, then the
19 scholarships shall be reduced proportionately by an equal
20 percentage for all recipients of scholarships under this article.

21 (2) (A) Beginning with the Governor’s Budget proposal for the
22 2013–14 fiscal year, and in the Governor’s Budget for each fiscal
23 year thereafter, the Department of Finance shall include a fund
24 condition statement for the Middle Class Scholarship Fund for the
25 past, current, and proposed fiscal years prepared in accordance
26 with existing law.

27 (B) The commission shall determine, from the information
28 provided pursuant to this subdivision, if sufficient funds will be
29 available to cover the costs of the allocation to the California
30 Community Colleges and the scholarships pursuant to paragraphs
31 (1) and (2), respectively, of subdivision (a) for the upcoming fiscal
32 year. If the funds are not sufficient, then the scholarships shall be
33 reduced proportionately by an equal percentage for all recipients
34 of scholarships under this article.

35 (C) The purpose of this subdivision is to ensure that the Middle
36 Class Scholarship Program costs do not exceed funding available
37 in the Middle Class Scholarship Fund.

38 SEC. 2. This act shall become operative only if Assembly Bill
39 1500 of the 2011–12 Regular Session is chaptered and establishes
40 a Middle Class Scholarship Fund.

1 SEC. 3. This act is an urgency statute necessary for the
2 immediate preservation of the public peace, health, or safety within
3 the meaning of Article IV of the Constitution and shall go into
4 immediate effect. The facts constituting the necessity are:

5 In order to provide urgently needed financial aid to California
6 public postsecondary students in time for the beginning of the
7 2012–13 academic year, it is necessary that this act take effect
8 immediately.

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